

Acquisitions by VoiceStream. VoiceStream generally has agreed that, until the Deutsche Telekom/VoiceStream merger is completed, it and its subsidiaries will not engage in an acquisition transaction, including any acquisitions of additional FCC licenses or increase an investment in another entity, with three significant exceptions:

- VoiceStream is permitted to swap or exchange any of its property for similar property of substantially equivalent value, subject to specified limitations;
- VoiceStream is permitted to make acquisitions of up to \$750 million, including assumptions of debt, without Deutsche Telekom's consent as long as the consideration paid in any single acquisition does not exceed \$500 million, including assumptions of debt, and does not include any VoiceStream shares; and
- VoiceStream may make any other acquisition, and the acquisition may include VoiceStream shares as part of the consideration paid, as long as the acquisition is approved in advance by an acquisition committee established under the Deutsche Telekom/VoiceStream merger agreement.

In addition, if VoiceStream chooses to participate in any auction of FCC licenses or spectrum rights, VoiceStream and Deutsche Telekom have agreed to cooperate in accordance with specific procedures to agree upon maximum amounts that VoiceStream may bid in the auction. If the acquisition committee denies its consent to an acquisition proposed by VoiceStream, or VoiceStream and the acquisition committee fail to agree upon maximum bids for a license or spectrum auction prior to the tenth business day preceding the scheduled auction date, then the parties have agreed that any officer, director, stockholder or affiliate of VoiceStream, or any combination of them, may make such acquisition or participate in such auction for his, her, its or their own account.

Dispositions by VoiceStream. VoiceStream generally has agreed that, until the Deutsche Telekom/VoiceStream merger is completed, it and its subsidiaries will not sell or dispose of any of their assets, with three significant exceptions:

- VoiceStream may swap or exchange any of its property for similar property of substantially equivalent value, subject to specified limitations;
- VoiceStream may sell or dispose of assets in the ordinary course of business consistent with past practice; and
- VoiceStream may sell or dispose of assets as may be required by law or any governmental or regulatory authority as necessary to enable or facilitate completion of the Deutsche Telekom/VoiceStream merger.

Covenants of Deutsche Telekom. Except as contemplated by the Deutsche Telekom/VoiceStream merger agreement, Deutsche Telekom has agreed that, before the Deutsche Telekom/VoiceStream merger is completed, Deutsche Telekom and its subsidiaries will not take the actions listed in the Deutsche Telekom/VoiceStream merger agreement, which includes the following actions, without VoiceStream's prior written consent:

- except for the purpose of using or increasing Deutsche Telekom's authorized capital or as necessary for the conduct of its business, amend or propose to amend the memorandum and articles of association or management board rules of procedure or other comparable organizational document of Deutsche Telekom in any manner that would be adverse to VoiceStream or its stockholders;
- declare or pay dividends payable in cash, stock, property or otherwise with respect to Deutsche Telekom capital stock, except for regular annual cash dividends in a manner consistent with past practice;
- repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible or exercisable for or into shares of its capital stock, except for repurchases, redemptions or acquisitions not exceeding 10% of the total number of Deutsche Telekom ordinary shares outstanding;

- reclassify, recapitalize, restructure or engage in a similar transaction that results in the direct or indirect receipt by holders of Deutsche Telekom ordinary shares of any assets, property or cash for Deutsche Telekom ordinary shares;
- take action that would be reasonably likely to prevent or impede the Deutsche Telekom/VoiceStream merger from qualifying as a reorganization within the meaning of Section 368(a) of the U.S. tax code or cause VoiceStream stockholders to recognize gain under Section 367(a)(1) of the U.S. tax code in the Deutsche Telekom/VoiceStream merger; and
- take action that would materially impair or delay the obtaining of the necessary regulatory approvals to complete the Deutsche Telekom/VoiceStream merger.
- *Important Exception:* Deutsche Telekom may make acquisitions as long as the acquisitions, individually or in the aggregate, are not reasonably likely to prevent the completion of the Deutsche Telekom/VoiceStream merger.

Offers for Alternative Transactions

VoiceStream has agreed not to, has agreed not to authorize its officers, directors or employees to, and has agreed to use its reasonable efforts to cause its advisors and representatives not to:

- solicit, initiate or knowingly encourage, or knowingly take any other action designed to facilitate, any alternative transaction, which we define below, to the Deutsche Telekom/VoiceStream merger; or
- participate in any substantive discussions or negotiations regarding any alternative transaction to the Deutsche Telekom/VoiceStream merger.

However, if at any time before VoiceStream stockholders approve the Deutsche Telekom/VoiceStream merger, VoiceStream receives an unsolicited proposal for an alternative transaction, then VoiceStream may, after giving Deutsche Telekom 48 hours advance notice:

- furnish information with respect to VoiceStream pursuant to a confidentiality agreement substantially similar to the confidentiality agreement in place between VoiceStream and Deutsche Telekom; and
- engage in discussions and negotiations with the persons that made such proposal,

but only if:

- the VoiceStream board of directors has determined in good faith that providing information to the third party or participating in negotiations or discussions could be reasonably expected to result in a superior proposal, which we define below, being made; and
- VoiceStream is not otherwise in breach of its obligations described above not to solicit or engage in discussions regarding an alternative transaction.

In the Deutsche Telekom/VoiceStream merger agreement, "alternative transaction" means any of the following:

- a transaction or series of transactions in which any third party would acquire, directly or indirectly, beneficial ownership of more than 20% of the outstanding VoiceStream shares;
- any acquisition of or business combination with VoiceStream or any of its significant subsidiaries by a merger or other business combination, other than any transaction that would be permitted under the Deutsche Telekom/VoiceStream merger agreement; or
- any transaction in which any third party would acquire, directly or indirectly, control of assets of VoiceStream or any of its subsidiaries for consideration equal to 20% or more of the fair market value of all of the outstanding VoiceStream common shares.

In the Deutsche Telekom/VoiceStream merger agreement, “superior proposal” means any proposal made by a third party to enter into an alternative transaction which the VoiceStream board of directors determines in its good faith judgment to be more favorable to VoiceStream’s stockholders than the Deutsche Telekom/VoiceStream merger.

VoiceStream also has agreed to notify Deutsche Telekom promptly of any request for information or of any proposal in connection with an alternative transaction, including the material terms of the request or proposal and the identity of the person making it, and VoiceStream has agreed to keep Deutsche Telekom informed of the status of any alternative transaction. In addition, VoiceStream agreed to cease any solicitations, discussions or negotiations that existed at the time the Deutsche Telekom/VoiceStream merger agreement was signed.

VoiceStream Board of Directors’ Recommendation

The Deutsche Telekom/VoiceStream merger agreement requires the VoiceStream board of directors:

- to recommend that the VoiceStream stockholders approve the Deutsche Telekom/VoiceStream merger agreement;
- not to withdraw, modify or qualify, or to propose publicly to withdraw, modify or qualify, its recommendation in a manner adverse to Deutsche Telekom;
- not to approve or recommend, or to propose publicly to approve or recommend, any alternative transaction; and
- not to cause VoiceStream to agree to engage in any alternative transactions.

However, if the VoiceStream board of directors receives a superior proposal before VoiceStream stockholders approve the Deutsche Telekom/VoiceStream merger, the VoiceStream board of directors may inform VoiceStream stockholders that it no longer recommends approval of the Deutsche Telekom/VoiceStream merger, if:

- VoiceStream sends Deutsche Telekom written notice that VoiceStream has received a superior proposal, which notice describes the terms of the superior proposal and identifies the proposer, and that VoiceStream intends to change its recommendation regarding the Deutsche Telekom/VoiceStream merger; and
- two business days have passed since Deutsche Telekom received the notice. In addition, during those two business days, VoiceStream must give Deutsche Telekom reasonable opportunity to make adjustments in the terms of the Deutsche Telekom/VoiceStream merger agreement that would enable the VoiceStream board of directors to maintain its recommendation to approve the Deutsche Telekom/VoiceStream merger.

The Deutsche Telekom/VoiceStream merger agreement also permits VoiceStream to comply with Rule 14d-9 or Rule 14e-2(a) under the Exchange Act or to make any other disclosure to VoiceStream stockholders if, in the good faith judgment of the VoiceStream board of directors, after receipt of advice from outside counsel, failure to disclose would result in a reasonable likelihood that the VoiceStream board of directors would breach its duties to VoiceStream stockholders under applicable law.

Submission of Deutsche Telekom/VoiceStream Merger Agreement to Stockholder Vote. The Deutsche Telekom/VoiceStream merger agreement requires VoiceStream to submit the Deutsche Telekom/VoiceStream merger agreement to a stockholder vote at the VoiceStream special meeting even if the VoiceStream board of directors no longer recommends approval of the Deutsche Telekom/VoiceStream merger.

Additional Agreements

The Deutsche Telekom/VoiceStream merger agreement contains a number of other covenants and agreements by or between VoiceStream and Deutsche Telekom on subjects, including:

- filing accurate financial statements with the SEC;
- notifying the other party of the occurrence of material facts, events or circumstances;
- using reasonable best efforts to obtain necessary tax opinions and representation letters; and
- using reasonable best efforts to cause the Deutsche Telekom/VoiceStream merger to qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code and to avoid gain recognition to VoiceStream shareholders in the Deutsche Telekom/VoiceStream merger under Section 367(a)(1) of the U.S. tax code.

In addition, Deutsche Telekom has agreed to take all steps necessary to cause the new Deutsche Telekom ADSs and the Deutsche Telekom ordinary shares to become listed on the Frankfurt Stock Exchange and the NYSE, respectively.

VoiceStream's Nominations to Deutsche Telekom Organizational Bodies

Deutsche Telekom has agreed that, after the Deutsche Telekom/VoiceStream merger is completed, it will use all reasonable efforts to recommend to the Deutsche Telekom shareholders and the Deutsche Telekom organizational bodies that one current member of the Deutsche Telekom supervisory board be replaced by a person nominated by VoiceStream. Deutsche Telekom has agreed that, after the Deutsche Telekom/VoiceStream merger is completed, it will use all reasonable efforts to cause its T-Mobile subsidiary to recommend to the shareholders and organizational bodies of T-Mobile that one VoiceStream nominee be appointed or elected to each of the T-Mobile management board, T-Mobile supervisory board and the T-Mobile executive committee. It is currently contemplated that Mr. John W. Stanton, the Chief Executive Officer of VoiceStream, would be the nominee appointed to the T-Mobile International management board.

The VoiceStream nominees will be selected in consultation with Deutsche Telekom and must be reasonably acceptable to Deutsche Telekom.

Efforts to Complete the Deutsche Telekom/VoiceStream Merger

VoiceStream and Deutsche Telekom have agreed:

- to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable to complete the Deutsche Telekom/VoiceStream merger and to permit the issuance of the Deutsche Telekom/VoiceStream merger consideration under German law and the rules of the Frankfurt Stock Exchange;
- to obtain in a timely manner all necessary consents, permits, approvals or waivers from any governmental or regulatory authority which are necessary for the completion of the Deutsche Telekom/VoiceStream merger;
- to promptly prepare and file all required notifications under U.S. and European Union antitrust laws and to comply with any requests for additional information, and obtain termination of any applicable waiting periods or obtain any required approvals as promptly as practicable; and
- to take all actions within its control necessary to obtain any required regulatory approvals (which the Deutsche Telekom/VoiceStream merger agreement limits principally to any required FCC approval, antitrust clearances and clearances under the Exon-Florio Defense Protection Act of 1956).

Important Exception: Neither VoiceStream nor Deutsche Telekom is required to take any of the actions described above that would result in a “burdensome condition.” The meaning of “burdensome condition” is explained under “— Important Definitions.”

Indemnification and Insurance

For a period of six years after the Deutsche Telekom/VoiceStream merger is completed, the surviving corporation of the Deutsche Telekom/VoiceStream merger is required by the Deutsche Telekom/VoiceStream merger agreement to:

- maintain in effect the current arrangements regarding indemnification of officers and directors of VoiceStream and each of its subsidiaries;
- indemnify the directors and officers of VoiceStream to the fullest extent to which VoiceStream is permitted to indemnify those officers and directors under its charter and bylaws and applicable law; and
- maintain VoiceStream’s current policies of directors’ and officers’ insurance with respect to claims arising from facts or events which occurred on or before the completion of the Deutsche Telekom/VoiceStream merger, except that the surviving corporation may substitute policies of at least the same coverage and amounts.

However, during that six-year period, the surviving corporation is not required to expend in any year an amount in excess of 250% of the annual aggregate premiums currently paid by VoiceStream for such coverage. If the aggregate expenditure on coverage exceeds that amount, Deutsche Telekom has agreed that the surviving corporation will use its best efforts to obtain as much insurance as can be obtained for that amount.

In addition, after the completion of the Deutsche Telekom/VoiceStream merger both Deutsche Telekom and the surviving corporation will indemnify each present and former director, officer, employee and agent of VoiceStream or any of its subsidiaries against any costs or expenses arising prior to the completion of the Deutsche Telekom/VoiceStream merger and will also pay each indemnified party’s out-of-pocket expenses incurred in connection with any indemnifiable claim.

Employee Benefits

Following the completion of the Deutsche Telekom/VoiceStream merger, Deutsche Telekom will cause the surviving corporation or its successor to honor all VoiceStream employee benefit plans and compensation arrangements and agreements in accordance with their terms as in effect immediately before the Deutsche Telekom/VoiceStream merger is completed. In addition, Deutsche Telekom has agreed that for a period of not less than two years following the completion of the Deutsche Telekom/VoiceStream merger, the current and former employees of VoiceStream and its subsidiaries will be provided with compensation, severance and employee benefits that are not less favorable in the aggregate than those provided to VoiceStream’s employees immediately before the completion of the Deutsche Telekom/VoiceStream merger. Discretionary equity and equity-based awards will remain discretionary.

Following the completion of the Deutsche Telekom/VoiceStream merger, each current and former employee of VoiceStream and its subsidiaries will be immediately eligible to participate in any new Deutsche Telekom employee benefit plan, to the extent that such plan replaces coverage under a comparable VoiceStream employee benefit plan or compensation agreement or arrangement in which the employee participated immediately before the completion of the Deutsche Telekom/VoiceStream merger. The Deutsche Telekom/VoiceStream merger agreement also specifies the treatment of pre-existing conditions, deductibles and service credit with respect to current and former employees of VoiceStream under any benefit plans of Deutsche Telekom or its subsidiaries that any current or former employees of VoiceStream participate in after completion of the Deutsche Telekom/VoiceStream merger.

Pursuant to the Deutsche Telekom/VoiceStream merger agreement, Deutsche Telekom and VoiceStream have entered into a retention agreement pursuant to which Deutsche Telekom has agreed that, in connection with the Deutsche Telekom/VoiceStream merger, Deutsche Telekom will amend and convert the VoiceStream Management Incentive Stock Option Plan to permit the issuance after completion of the merger of options to purchase Deutsche Telekom ordinary shares to management employees and key personnel of VoiceStream. In order to effectuate the conversion, Deutsche Telekom will establish a trust and deliver to the trust 8 million Deutsche Telekom ordinary shares to be used to satisfy the obligations upon exercise of any retention options. During the period from the date of completion of the Deutsche Telekom/VoiceStream merger through December 31, 2004, Deutsche Telekom will cause the trust to issue retention options to management employees and key personnel of VoiceStream substantially on terms set forth in the VoiceStream Management Incentive Stock Option Plan, as amended from time to time by Deutsche Telekom.

Additionally, Deutsche Telekom and VoiceStream have agreed that VoiceStream shall offer to 31 management personnel, who now hold, in the aggregate, unvested options to acquire 574,368 VoiceStream common shares, and which options provide for vesting upon a change of control of VoiceStream, which for a significant portion of the options would occur upon approval by VoiceStream stockholders of the Deutsche Telekom/VoiceStream merger, an opportunity to receive additional options in an amount equal to, and on the same terms and conditions, including exercise price, as, their existing unvested options if they agree to waive the change of control vesting provisions of their existing options. If all such persons accept the offer, options to acquire an aggregate of an additional 574,368 shares of VoiceStream common shares would be issued.

Prior to completion of the Deutsche Telekom/VoiceStream merger, VoiceStream may implement a stay bonus plan for management, which is described under "The Deutsche Telekom/VoiceStream Merger — Interests of Directors and Officers of VoiceStream in the Deutsche Telekom/VoiceStream Merger — Stay Bonus Plan."

Closing Conditions

Conditions to Each Party's Obligations to Complete the Deutsche Telekom/VoiceStream Merger. VoiceStream's and Deutsche Telekom's respective obligations to complete the Deutsche Telekom/VoiceStream merger are subject to the satisfaction or waiver of conditions, including the following:

- *Stockholder Approval.* The holders of a majority of the voting power of the VoiceStream common shares and voting preferred shares, voting together as a single class, having approved and adopted the Deutsche Telekom/VoiceStream merger agreement.
- *Legality.* The absence of any law, order or injunction enacted or entered by any governmental or regulatory authority having the effect of making the Deutsche Telekom/VoiceStream merger illegal or otherwise prohibiting the completion of the Deutsche Telekom/VoiceStream merger.
- *Registration Statement Effective.* No stop order suspending the effectiveness of the Form F-4 registration statement or the proxy statement/prospectus then being in effect and no proceedings for that purpose then being threatened by the SEC or having been initiated by the SEC and not being concluded or withdrawn.
- *Stock Exchange Listings.*
 - All steps necessary for the Deutsche Telekom ordinary shares that will be issued in the Deutsche Telekom/VoiceStream merger to be listed on the Frankfurt Stock Exchange having been taken; and
 - The Deutsche Telekom ADSs that will be issued in the Deutsche Telekom/VoiceStream merger having been authorized for listing on the NYSE, subject to official notice of issuance.
- *Required Regulatory Approvals.* Without subjecting VoiceStream or Deutsche Telekom to any "burdensome condition" described under "— Important Definitions," all required regulatory

approvals having been obtained and all applicable waiting periods having expired, as described under "Regulatory Approvals — Regulatory Approvals Required for the Deutsche Telekom/VoiceStream Merger and the Deutsche Telekom/Powertel Merger."

Additional Conditions to the Obligations of VoiceStream. The obligations of VoiceStream to effect the Deutsche Telekom/VoiceStream merger are also subject to the satisfaction, or waiver by VoiceStream, of conditions, including the following:

- *Representations and Warranties True and Correct.*

- Deutsche Telekom's representation that, since December 31, 1999, there has not been any material adverse effect on Deutsche Telekom, will have been true and correct when the Deutsche Telekom/VoiceStream merger agreement was entered into and as of the date the Deutsche Telekom/VoiceStream merger is completed; and
- other representations and warranties of Deutsche Telekom and merger subsidiary in the Deutsche Telekom/VoiceStream merger agreement having been true and correct with respect to Deutsche Telekom, when the Deutsche Telekom/VoiceStream merger agreement was entered into and with respect to merger subsidiary when it was amended and restated and with respect to Deutsche Telekom and merger subsidiary as of the date the Deutsche Telekom/VoiceStream merger is completed, except to the extent that any representation or warranty expressly speaks as of an earlier date, in which case that representation or warranty having been true and correct as of that date,
 - (a) except for inaccuracies caused by changes permitted by the Deutsche Telekom/VoiceStream merger agreement; and
 - (b) except for such failures which in the aggregate would not reasonably be expected to result in a material adverse effect on Deutsche Telekom.

- *Compliance with Covenants.* Deutsche Telekom having complied in all material respects with all its agreements and covenants required by the Deutsche Telekom/VoiceStream merger agreement to be complied with by the completion of the Deutsche Telekom/VoiceStream merger.

- *Receipt of Tax Opinion.* VoiceStream having received an opinion of Jones, Day, Reavis & Pogue and/or Wachtell, Lipton, Rosen & Katz substantially to the effect that for U.S. federal income tax purposes:

- the Deutsche Telekom/VoiceStream merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code; and
- each transfer of property to Deutsche Telekom by a stockholder of VoiceStream pursuant to the Deutsche Telekom/VoiceStream merger will not be subject to Section 367(a)(1) of the U.S. tax code.

Additional Conditions to the Obligations of Deutsche Telekom. The obligations of Deutsche Telekom to effect the Deutsche Telekom/VoiceStream merger are also subject to the satisfaction, or waiver by Deutsche Telekom, of conditions, including the following:

- *Representations and Warranties True and Correct.*

- VoiceStream's representation that, since December 31, 1999, there has not been any material adverse effect on VoiceStream having been true and correct when the Deutsche Telekom/VoiceStream merger agreement was entered into and as of the "bringdown date", which is the date, at least five business days after the last closing condition has been fulfilled or waived, on which VoiceStream delivers a certificate relating to the accuracy of VoiceStream's representations and warranties; and
- other representations and warranties of VoiceStream in the Deutsche Telekom/VoiceStream merger agreement having been true and correct when the Deutsche Telekom/VoiceStream

merger agreement was entered into and as of the bringdown date (except to the extent that any representation or warranty expressly speaks as of an earlier or a later date, in which case that representation or warranty having been true and correct as of that date)

- (1) except for inaccuracies caused by changes permitted by the Deutsche Telekom/VoiceStream merger agreement; and
 - (2) except for such failures which in the aggregate would not reasonably be expected to result in a material adverse effect on VoiceStream.
- *Compliance with Covenants.* VoiceStream having complied in all material respects with all its agreements and covenants required by the Deutsche Telekom/VoiceStream merger agreement to be complied with by the time the Deutsche Telekom/VoiceStream merger is completed.

Waiver of Conditions. In the event VoiceStream waives a material condition to the Deutsche Telekom/VoiceStream merger, VoiceStream will, if legally required, resolicit approval of its stockholders.

Termination and Termination Fee

Right to Terminate. The Deutsche Telekom/VoiceStream merger agreement may be terminated at any time before the completion of the Deutsche Telekom/VoiceStream merger in any of the following ways:

- by mutual written consent;
- by either Deutsche Telekom and VoiceStream:
 - if the Deutsche Telekom/VoiceStream merger is permanently restrained, enjoined or otherwise prohibited by a governmental order, decree, ruling or other action, and the order, decree, ruling or other action has become final and nonappealable;
 - if in connection with the grant of a requisite regulatory approval, a burdensome condition is imposed and the ruling imposing the condition has become final and nonappealable. The meaning of “burdensome condition” is explained under “— Important Definitions;”
 - at any time that is not less than 15 days after any statute, rule, decree or injunction has been enacted, entered, promulgated or enforced by any governmental or regulatory authority, other than a court, that has the effect of making any of the conditions to closing described under “— Closing Conditions — Conditions to Each Party’s Obligations to Complete the Deutsche Telekom/VoiceStream Merger — Legality” and “— Closing Conditions — Conditions to Each Party’s Obligations to Complete the Deutsche Telekom/VoiceStream Merger — Required Regulatory Approvals” incapable of being satisfied by September 30, 2001, in the case of a termination by VoiceStream, or December 31, 2001, in the case of a termination by Deutsche Telekom; or
 - if VoiceStream’s stockholders fail to approve the Deutsche Telekom/VoiceStream merger at the VoiceStream special meeting.
- by VoiceStream:
 - if the Deutsche Telekom/VoiceStream merger is not completed by September 30, 2001, unless VoiceStream’s failure to fulfill its obligations under the Deutsche Telekom/VoiceStream merger agreement caused the delay, or if any of the conditions to VoiceStream’s obligation to complete the Deutsche Telekom/VoiceStream merger becomes incapable of being satisfied before that date;
 - if Deutsche Telekom breaches or fails to perform any of its representations or covenants in any material respect and the breach or failure cannot be cured by Deutsche Telekom before September 30, 2001, or, if curable, is not cured by Deutsche Telekom within 30 days, and

such breach renders any conditions to VoiceStream's obligations incapable of being satisfied by September 30, 2001; or

- on 48 hours notice to Deutsche Telekom, if the calculated average price of Deutsche Telekom ordinary shares to be used in any tax-related adjustment to the amount of the cash merger consideration is less than 33 euros. The calculated average price of Deutsche Telekom ordinary shares to be used in any tax-related adjustment, if necessary, will be the average trading price of Deutsche Telekom ordinary shares on the Frankfurt Stock Exchange on seven trading days randomly selected from the 15 trading days immediately preceding the date on which any tax-related adjustment determination is to be made, as described under “— Consideration to Be Received in the Deutsche Telekom/VoiceStream Merger — Explanation of Potential Tax-Related Adjustment to Merger Consideration.”
- by Deutsche Telekom:
 - if the Deutsche Telekom/VoiceStream merger is not completed by December 31, 2001, unless Deutsche Telekom's failure to fulfill its obligations under the Deutsche Telekom/VoiceStream merger agreement caused the delay, or if any of the conditions to Deutsche Telekom's obligation to complete the Deutsche Telekom/VoiceStream merger becomes incapable of being satisfied before that date; or
 - if VoiceStream breaches or fails to perform any of its representations or covenants in any material respect and the breach or failure cannot be cured by VoiceStream before December 31, 2001, or, if curable, is not cured by VoiceStream within 30 days, and such breach renders any conditions to Deutsche Telekom's obligations incapable of being satisfied by December 31, 2001.

Should any of these potential grounds for termination occur, VoiceStream's board of directors may or may not exercise its right to terminate the Deutsche Telekom/VoiceStream merger agreement.

- *Termination Fees Payable to Deutsche Telekom.* VoiceStream has agreed to pay Deutsche Telekom a termination fee of \$1 billion if all three of the following events occur:
 - after July 23, 2000 and before the VoiceStream special meeting, a proposal for certain types of alternative transactions is announced or publicly disclosed and not withdrawn;
 - the Deutsche Telekom/VoiceStream merger agreement is terminated by either party because VoiceStream's stockholders do not approve the Deutsche Telekom/VoiceStream merger at the VoiceStream special meeting; and
 - within six months after the termination of the Deutsche Telekom/VoiceStream merger agreement, VoiceStream enters into a definitive agreement with any third party with respect to certain types of alternative transactions.

In that circumstance, VoiceStream would pay to Deutsche Telekom the termination fee no later than one business day after the signing of the definitive agreement with the third party.

For purposes of determining whether a termination fee is payable, the term “alternative transaction” has the meaning described under “— Offers for Alternative Transactions,” except that the 20% thresholds are treated as references to “50%,” and mergers or business combinations in which VoiceStream stockholders would continue to hold at least 65% of the outstanding stock of the entity surviving the transaction are not considered to be “alternative transactions”.

Expenses

Whether or not the Deutsche Telekom/VoiceStream merger is completed, all costs and expenses incurred in connection with the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/VoiceStream merger agreement transactions will be paid by the party incurring the expense, except that Deutsche Telekom and VoiceStream will share equally the costs and expenses of filing and printing the

Form F-4 registration statement and this document. Deutsche Telekom, VoiceStream and Powertel have each shared equally the costs and expenses of the filing fees paid under the HSR Act.

Amendment; Waiver; Assignment

VoiceStream, Deutsche Telekom and merger subsidiary may amend the Deutsche Telekom/VoiceStream merger agreement by written agreement prior to completion of the Deutsche Telekom/VoiceStream merger, but after VoiceStream's stockholders have approved the Deutsche Telekom/VoiceStream merger agreement, no amendment may be made which by law requires further stockholder approval without such approval being obtained.

At any time before the Deutsche Telekom/VoiceStream merger is completed, VoiceStream, Deutsche Telekom and merger subsidiary may:

- extend the time for the performance of any of the obligations or other acts of the others; and
- waive any inaccuracies in the representations and warranties or compliance with any of the agreements or conditions, contained in the Deutsche Telekom/VoiceStream merger agreement or in any document delivered under the Deutsche Telekom/VoiceStream merger agreement.

Deutsche Telekom, VoiceStream and merger subsidiary may not assign the Deutsche Telekom/VoiceStream merger agreement or any of the rights, interests or obligations under the Deutsche Telekom/VoiceStream merger agreement, in whole or in part, to any other person, without the prior written consent of the non-assigning party; except that:

- Deutsche Telekom may assign the Deutsche Telekom/VoiceStream merger agreement to a corporation which owns more than 80% of the Deutsche Telekom ordinary shares and which succeeds to all of the rights and obligations of Deutsche Telekom under the Escrow Agency Agreement executed pursuant to the Deutsche Telekom/VoiceStream merger agreement; and
- merger subsidiary may assign the agreement to an entity which is a direct, wholly-owned subsidiary of the entity to which Deutsche Telekom assigned the Deutsche Telekom/VoiceStream merger agreement pursuant to the immediately preceding clause.

Important Definitions

Burdensome Condition. As used in the Deutsche Telekom/VoiceStream merger agreement, "burdensome condition" is a condition that, individually or together with other conditions, would reasonably be expected to have a material adverse effect on Deutsche Telekom or its mobile telecommunications business, in each case assuming that the Deutsche Telekom/VoiceStream merger had been completed and VoiceStream had become a part of Deutsche Telekom or its mobile telecommunications business, and assuming that any other acquisition in the mobile telecommunication industry entered into or completed by Deutsche Telekom after July 23, 2000 had been completed.

Material Adverse Effect. As used in the Deutsche Telekom/VoiceStream merger agreement, a "material adverse effect" on any company means any change in or effect on the business of the company and its subsidiaries that is or is reasonably likely to be materially adverse to the business, operations or financial condition of the company and its subsidiaries, taken as a whole.

However, "material adverse effect" does not include the effects of changes or developments:

- in the telecommunications industry, including regulatory and political conditions, that do not uniquely relate to Deutsche Telekom or VoiceStream;
- in the U.S. or European economy;
- in the U.S. or European securities markets; or

- resulting from the announcement or the existence of the Deutsche Telekom/VoiceStream merger agreement and the transactions contemplated by the Deutsche Telekom/VoiceStream merger agreement.

Only for purposes of the definition of “material adverse effect”, some of VoiceStream’s joint ventures are treated as subsidiaries of VoiceStream.

Amendment and Restatement

The Deutsche Telekom/VoiceStream merger agreement was originally entered into between Deutsche Telekom and VoiceStream on July 23, 2000. On September 28, 2000, the Deutsche Telekom/VoiceStream merger agreement was amended and restated primarily for the purpose of making merger subsidiary a party to the agreement and other technical changes.

On February 8, 2001 the Deutsche Telekom/VoiceStream merger agreement was further amended and restated primarily for the purpose of permitting VoiceStream to pay a stock dividend of up to 0.0075 of a VoiceStream common share for each VoiceStream common share outstanding prior to the completion of the Deutsche Telekom/VoiceStream merger and to provide that the earliest date that the Deutsche Telekom/VoiceStream merger will be completed is May 31, 2001. This amendment also provided that if all of the conditions to completion of the merger are satisfied or waived as of a date that is earlier than May 31, 2001, including the condition that no material adverse effect on VoiceStream shall have occurred, then after that earlier date Deutsche Telekom will no longer have the ability to terminate the Deutsche Telekom/VoiceStream merger agreement because of any material adverse effect on, or any material inaccuracy in, a representation or warranty of VoiceStream.

Deutsche Telekom’s Agreements with Stockholders of VoiceStream

In connection with the execution of the Deutsche Telekom/VoiceStream merger agreement, VoiceStream stockholders who, in the aggregate, had sufficient voting power as of the VoiceStream record date to approve the Deutsche Telekom/VoiceStream merger entered into separate agreements with Deutsche Telekom under which the stockholders agreed to vote all of their VoiceStream shares in favor of the Deutsche Telekom/VoiceStream merger. We summarize the material terms of these agreements below, and this summary is qualified in its entirety by reference to the text of the agreements summarized, copies of which have been filed as exhibits to Deutsche Telekom’s and VoiceStream’s respective registration statements and are incorporated herein by reference.

The following stockholders and some of their affiliates have entered into stockholder agreements with Deutsche Telekom in connection with the Deutsche Telekom/VoiceStream merger:

Telephone and Data Systems, Inc.
Hutchison Whampoa Ltd.
Sonera Corporation
John W. Stanton
The Goldman Sachs Group, Inc.
Richard Fields and Allen & Company, Incorporated
Douglas G. Smith and Avance Capital
Madison Dearborn Capital Partners, LP

Agreement to Vote

The agreements with Telephone & Data Systems, Inc., Hutchison Whampoa Ltd., Sonera Corporation, John W. Stanton and Goldman Sachs & Co. obligate each of them to vote all its shares in favor of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/VoiceStream merger

agreement and to vote all of its shares against any alternative transaction, as defined in the Deutsche Telekom/VoiceStream merger agreement and as discussed under “— The Deutsche Telekom/VoiceStream Merger Agreement — Offers for Alternative Transactions,” or the liquidation or winding up of VoiceStream. Each stockholder's obligation to vote in this manner applies whether or not the VoiceStream board of directors continues to recommend the Deutsche Telekom/VoiceStream merger to VoiceStream stockholders.

Transfer Restrictions and Waiver of Rights

Each of the stockholder agreements restricts or limits the ability of the stockholder that is a party to the agreement to sell, transfer, assign or otherwise dispose of VoiceStream common stock or, until six months after completion of the Deutsche Telekom/VoiceStream merger, Deutsche Telekom ADSs or Deutsche Telekom ordinary shares, except with Deutsche Telekom's written consent or as expressly permitted by the stockholder agreement or pursuant to the Deutsche Telekom/VoiceStream merger agreement. In that regard, the stockholder agreements provide that:

- unless the Deutsche Telekom/VoiceStream merger agreement has been terminated, until the later of January 1, 2001 and the date of the VoiceStream special meeting, the stockholder may not sell, transfer, pledge, assign or otherwise dispose of, any VoiceStream shares or rights that are subject to the agreement;
- from the later of January 1, 2001 and the date of the VoiceStream special meeting, until the earlier of the completion of the Deutsche Telekom/VoiceStream merger or the termination of the Deutsche Telekom/VoiceStream merger agreement, the stockholder may sell or transfer up to an aggregate of 17.5% of the number of VoiceStream common shares that are subject to the agreement. This percentage increases to 21.25% on August 1, 2001 and to 25% on September 1, 2001 if the Deutsche Telekom/VoiceStream merger is not completed by those dates;
- from the completion of the Deutsche Telekom/VoiceStream merger through and including the three-month anniversary of the completion of the Deutsche Telekom/VoiceStream merger, the stockholder may not sell or transfer any Deutsche Telekom ADSs, Deutsche Telekom ordinary shares or securities convertible into Deutsche Telekom ADSs or Deutsche Telekom ordinary shares that are subject to the agreement;
- from the day following the three month anniversary of the completion of the Deutsche Telekom/VoiceStream merger, through and including the six month anniversary of the completion of the Deutsche Telekom/VoiceStream merger, the stockholder may sell or transfer up to an aggregate of 40% of the total number of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares that is subject to the agreement, as calculated pursuant to the stockholder agreements; and
- after the six month anniversary of the completion of the Deutsche Telekom/VoiceStream merger, all sale and transfer restrictions end.

Deutsche Telekom reserves the right to waive the transfer restrictions described above at any time or from time to time.

Each stockholder agreed to waive, until the earlier of the completion of the Deutsche Telekom/VoiceStream merger or termination of the Deutsche Telekom/VoiceStream merger agreement, any preemptive rights. In addition, each stockholder, other than Richard Fields and Allen & Company Incorporated, agreed to waive any registration rights until the earlier of:

- the later of January 1, 2001 and the date of the VoiceStream special meeting; and
- the termination of the Deutsche Telekom/VoiceStream merger agreement.

Mr. Fields and Allen & Company Incorporated agreed not to exercise their registration rights during a specified period of time. In November 2000 VoiceStream filed a registration statement covering the VoiceStream common shares to be delivered in connection with VoiceStream warrants held by Allen &

Company. Each stockholder also agreed to terminate any of its existing registration rights agreements with VoiceStream effective at the completion of the Deutsche Telekom/VoiceStream merger.

In some circumstances, if Deutsche Telekom acquires any other company for consideration in excess of \$15 billion and significant stockholders of the acquired company enter into agreements with Deutsche Telekom, or could reasonably be expected to enter into agreements with Deutsche Telekom, that are more favorable to those stockholders in terms of the obligations to vote in favor of the related transaction or to refrain from selling or transferring shares, the transfer restrictions in the stockholder agreements will be modified to reflect the more favorable provisions or absence of restrictions, as the case may be.

Registration Rights

If the existing majority shareholders of Deutsche Telekom — the Federal Republic of Germany and KfW — elect to conduct a registered secondary offering of their Deutsche Telekom shares during the period from the completion of the Deutsche Telekom/VoiceStream merger through the first anniversary of the completion of the Deutsche Telekom/VoiceStream merger, Deutsche Telekom agrees to use its reasonable best efforts to obtain the agreement of the existing majority shareholders to include in such registered offering the maximum amount of Deutsche Telekom shares acquired in the Deutsche Telekom/VoiceStream merger by the VoiceStream stockholders who have entered into stockholder agreements with Deutsche Telekom. Deutsche Telekom's existing majority shareholders would have the right to determine the number of Deutsche Telekom shares of these VoiceStream stockholders which may be included in such secondary offering without adversely affecting such secondary offering, on such terms and conditions as the existing majority shareholders determine are appropriate.

Termination

Each of the stockholder agreements will terminate, except with respect to the transfer restrictions, which will terminate as set forth above, and the agreement to vote, which will terminate upon the earlier of the completion or termination of the Deutsche Telekom/VoiceStream merger agreement, upon the earliest to occur of:

- the completion of the Deutsche Telekom/VoiceStream merger;
- the termination of the Deutsche Telekom/VoiceStream merger agreement; and
- July 23, 2002.

No Solicitation

Each of the stockholders agreed not to initiate or participate in, and not to authorize any representatives to initiate or participate in, discussions or negotiations regarding transactions or business combinations between VoiceStream and a company other than Deutsche Telekom, except as otherwise permitted by the Deutsche Telekom/VoiceStream merger agreement. See “— The Deutsche Telekom/VoiceStream Merger Agreement — Offers for Alternative Transactions.”

The Agreements with Telephone & Data Systems, Inc.

Telephone & Data Systems, Inc. and Deutsche Telekom entered into a stockholder agreement containing the general provisions described above and two letter agreements. In addition, the parties agreed in a letter agreement dated July 23, 2000 that, in the event that the board of directors of Telephone & Data Systems determines that Telephone & Data Systems is subject to the regulations of the Investment Company Act of 1940 and Telephone & Data Systems is unsuccessful in obtaining an exemption from such regulations or is not eligible for an exemption, the restrictions on Telephone & Data Systems' right to transfer VoiceStream common shares will be modified to allow it to sell a minimum number of VoiceStream common shares that would allow Telephone & Data Systems, with a reasonable margin of safety, to avoid being characterized as an “investment company” under the Investment Company Act of 1940.

Moreover, in a letter agreement dated September 19, 2000, Telephone & Data Systems and Deutsche Telekom agreed to procedures concerning Deutsche Telekom's delivery of the consideration to be paid to VoiceStream stockholders in the Deutsche Telekom/VoiceStream merger. Deutsche Telekom agreed to take all action reasonably possible to expedite the steps necessary to issue the Deutsche Telekom ordinary shares in the Deutsche Telekom/VoiceStream merger and list those Deutsche Telekom shares on the Frankfurt Stock Exchange on or promptly after the completion of the Deutsche Telekom/VoiceStream merger. Deutsche Telekom further agreed to use its reasonable best efforts to deliver the cash portion of the merger consideration to the escrow agent prior to or immediately after the completion of the Deutsche Telekom/VoiceStream merger in immediately available funds and to cause the escrow agent to release the aggregate cash consideration payable in the Deutsche Telekom/VoiceStream merger, including the cash payable to Telephone & Data Systems, promptly upon the registration of the increase of Deutsche Telekom share capital. If possible, Deutsche Telekom will cause the cash consideration to be released on the date the Deutsche Telekom/VoiceStream merger is completed or, if this is not possible, as promptly as possible thereafter. Deutsche Telekom also agreed to instruct the escrow agent to release the share certificates for Deutsche Telekom ADSs and Deutsche Telekom ordinary shares to be issued in the Deutsche Telekom/VoiceStream merger no later than one business day after registration of the Deutsche Telekom capital increase. In addition, Deutsche Telekom agreed to use its reasonable best effects to cause the escrow agent to deliver such certificates to Telephone & Data Systems.

On December 27, 2000, TDS transferred all of its VoiceStream common shares to TDSI Corporation, a Delaware corporation and wholly-owned subsidiary of TDS. In connection with this transfer, TDS assigned to TDSI and TDSI assumed the stockholder agreement and the two letter agreements described above.

The Deutsche Telekom Investment Agreements

In connection with the Deutsche Telekom/VoiceStream merger agreement, Deutsche Telekom agreed to purchase 3,906,250 shares of a new class of voting preferred shares of VoiceStream for an aggregate purchase price of \$5 billion. This purchase was completed on September 6, 2000. We summarize below the material terms of the new class of voting preferred shares and the agreements entered into in connection with the issuance and sale of those shares. The following summary is qualified in its entirety by reference to the full text of the agreements summarized, copies of which have been filed as exhibits to Deutsche Telekom's and VoiceStream's respective registration statements and are incorporated herein by reference.

VoiceStream Voting Preferred Shares

On July 23, 2000, the VoiceStream board of directors authorized the creation of a class of shares designated "Convertible Voting Preferred Stock," par value \$0.001 per share, consisting of up to 3,906,250 shares, all of which were issued to Deutsche Telekom under the stock subscription agreement, dated July 23, 2000. See "— Stock Subscription Agreement."

Liquidation Preference. In the event of a liquidation or dissolution of VoiceStream, holders of shares of VoiceStream voting preferred shares will be entitled to a liquidation preference of \$1,280 per share, subject to adjustment for stock splits or other comparable transactions with respect to the VoiceStream voting preferred shares, before any distribution may be made to the holders of VoiceStream common shares or junior preferred shares.

Conversion. The VoiceStream voting preferred shares are not convertible unless the Deutsche Telekom/VoiceStream merger agreement is terminated. If the Deutsche Telekom/VoiceStream merger agreement is terminated, each VoiceStream voting preferred share will become convertible into the number of VoiceStream common shares equal to the aggregate liquidation preference of the VoiceStream voting preferred shares to be converted, divided by \$160 per share, subject to adjustment for stock splits or other comparable transactions with respect to the VoiceStream voting preferred shares. Assuming no adjustment in the \$1,280 liquidation preference or \$160 purchase price, each VoiceStream voting preferred

share will therefore be convertible into eight VoiceStream common shares or an aggregate of 31,250,000 VoiceStream common shares.

Voting Rights. Holders of the VoiceStream voting preferred shares are entitled to vote together with holders of VoiceStream common shares and not as a separate class. Each VoiceStream voting preferred share is entitled to one vote. The affirmative vote of the holders of a majority of the outstanding VoiceStream voting preferred shares is necessary to adopt any amendment that will change the powers, preferences or rights of the voting preferred shares.

Dividends. The holders of the VoiceStream voting preferred shares are entitled to receive dividends and other distributions made by VoiceStream on its capital stock to the same extent and at the same rate as dividends or distributions made in respect of VoiceStream common shares, on an as-converted-to-common shares basis.

Redemption at Option of VoiceStream. VoiceStream may redeem the VoiceStream voting preferred shares at any time on or after December 31, 2020 at a price of \$1,280 per share, subject to adjustment for stock splits or other comparable transactions with respect to the VoiceStream voting preferred shares. However, VoiceStream will not be permitted to redeem the VoiceStream voting preferred shares if VoiceStream is insolvent, will be rendered insolvent by the redemption, or is prohibited by law or agreement from redeeming the VoiceStream voting preferred shares.

Redemption at Option of Holder. Any holder of VoiceStream voting preferred shares may require VoiceStream to redeem all of the VoiceStream voting preferred shares owned by the holder at any time within the six months following December 31, 2030 at a price of \$1,280 per share, subject to adjustment for stock splits or other comparable transactions with respect to the VoiceStream voting preferred shares. However, VoiceStream will not be permitted to redeem the VoiceStream voting preferred shares if VoiceStream is insolvent, will be rendered insolvent by the redemption, or is prohibited by law or agreement from redeeming the VoiceStream voting preferred shares.

Transfer Restriction. Unless the Deutsche Telekom/VoiceStream merger agreement is terminated, VoiceStream voting preferred shares are only transferable to a controlled subsidiary of the holder.

Rank. This new class of voting preferred shares will, with respect to rights on liquidation or dissolution, rank senior to VoiceStream's common shares and the 2½% convertible junior preferred shares and junior to any series or class of VoiceStream's preferred shares.

Stock Subscription Agreement

The stock subscription agreement provides that, for so long as Deutsche Telekom owns any of the VoiceStream voting preferred shares, Deutsche Telekom agrees that if it takes any action which would cause VoiceStream to exceed the broadband Commercial Mobile Radio Service spectrum aggregation limits under U.S. federal communications laws, it will take appropriate remedial action, including causing its designee, if it has one, to resign from the VoiceStream board of directors and/or disposing of shares of VoiceStream common shares or voting preferred shares.

Investor Agreement

In connection with Deutsche Telekom's agreement to purchase VoiceStream voting preferred stock, VoiceStream and Deutsche Telekom have entered into an Investor Agreement, dated as of July 23, 2000, which became effective on September 6, 2000, when Deutsche Telekom first purchased such shares.

Standstill. Under the investor agreement, unless a standstill termination event, which is described below, has occurred, until the fifth anniversary of the investor agreement, Deutsche Telekom and its affiliates may not do the following, subject to certain exceptions described below:

- acquire or agree to acquire any VoiceStream voting securities which would increase Deutsche Telekom's voting power above the threshold percentage described below;

- solicit proxies with respect to the VoiceStream voting securities or become a participant in any election contest relating to the election of directors of VoiceStream; or
- act in concert with any person for the purpose of effecting a transaction which would result in a change of control of VoiceStream.

The standstill provisions described above do not apply to the Deutsche Telekom/VoiceStream merger and do not apply in the following specific circumstances:

- if any person acquires or makes a bona fide offer to acquire voting securities of VoiceStream which, when added to the number of voting securities already owned by such person, exceeds or would exceed the threshold percentage; or
- if Deutsche Telekom makes a tender offer for, or acquires, VoiceStream voting securities, with the approval of a majority of the directors of VoiceStream who are not Deutsche Telekom designees.

“Standstill termination event” means the date on which the first of the following occurs:

- Deutsche Telekom and its affiliates beneficially own less than 5% or more than 90% of the outstanding voting securities of VoiceStream; or
- the acquisition, by a party other than Deutsche Telekom or its affiliates, of more than 50% of the VoiceStream voting securities, a sale of substantially all the assets of VoiceStream or the liquidation or dissolution of VoiceStream.

“Threshold percentage” means, subject to adjustment:

- 33% from the date of the investor agreement until the second anniversary of the closing of the subscription agreement;
- 36% from the second anniversary of the closing of the subscription agreement until the third anniversary of the closing of the subscription agreement; and
- 40% from the third anniversary of the closing of the subscription agreement until the fifth anniversary of the closing of the subscription agreement.

Transfer Restrictions. Unless the Deutsche Telekom/VoiceStream merger agreement is terminated before the Deutsche Telekom/VoiceStream merger is completed, Deutsche Telekom and its affiliates may not transfer any VoiceStream voting preferred shares. Deutsche Telekom may sell or transfer any VoiceStream common shares it owns, including shares acquired on conversion of voting preferred shares, as follows:

- Deutsche Telekom may transfer its VoiceStream common shares, but not its rights and obligations under the investor agreement, to any buyer or transferee; or
- Deutsche Telekom may transfer its VoiceStream common shares together with its rights and obligations under the investor agreement to any transferee that is more than 40% owned by Deutsche Telekom, of which Deutsche Telekom and its affiliates are the largest shareholder and which agrees to be bound by the investor agreement, or to any other transferee if a majority of the directors of VoiceStream who are not Deutsche Telekom designees approve the transfer.

Partial Pre-emptive Rights. If VoiceStream proposes to issue any voting equity securities, Deutsche Telekom will have the right to purchase a portion of those securities up to the percentage, calculated on a fully diluted basis, of VoiceStream common shares owned by Deutsche Telekom at the time of the proposed offering, on the terms and conditions VoiceStream proposes to offer those securities to other persons. Deutsche Telekom’s preemptive rights do not apply to an issuance of equity securities by VoiceStream in connection with a stock dividend, merger, employee stock option or public offering.

Registration Rights. VoiceStream has granted registration rights to Deutsche Telekom with respect to any VoiceStream common shares Deutsche Telekom acquires on conversion of the VoiceStream voting preferred shares or otherwise. If the Deutsche Telekom/VoiceStream merger agreement is terminated, then beginning 45 days after termination Deutsche Telekom will have the right to demand registration of

its shares on up to eight occasions as long as each occasion relates to registration of shares having a minimum aggregate sales price of \$25 million. Deutsche Telekom may make no more than two demands in any 12-month period. Deutsche Telekom also has the right to an unlimited number of piggyback registrations, subject to customary cutback provisions.

First Amended and Restated Voting Agreement

The principal stockholders of VoiceStream are parties to an existing agreement which governs their voting of VoiceStream securities. In connection with Deutsche Telekom's agreement to purchase VoiceStream voting preferred shares, the parties to the existing voting agreement and Deutsche Telekom entered into the First Amended and Restated Voting Agreement, dated as of July 23, 2000. On December 27, 2000, TDS assigned to TDSI, its wholly-owned subsidiary, and TDSI assumed, the existing voting agreement and the amended voting agreement. The amended voting agreement will become effective if Deutsche Telekom converts all of its VoiceStream voting preferred shares into VoiceStream common shares, which can only happen if the Deutsche Telekom/VoiceStream merger agreement is terminated. We summarize the material terms of the amended voting agreement below, and this summary is qualified in its entirety by reference to the text of the agreement, a copy of which has been filed as an exhibit to Deutsche Telekom's and VoiceStream's respective registration statements and is incorporated herein by reference.

The amended voting agreement will provide that the parties will agree to vote their VoiceStream common shares for the election of a VoiceStream board of directors consisting of 19 members, subject to adjustments, designated as follows:

- (1) Mr. Stanton, as long as he is the chief executive officer of VoiceStream;
- (2) One member designated by Mr. Stanton, so long as he, or entities affiliated with him, beneficially owns at least 4,500,000 VoiceStream common shares;
- (3) Four members designated by Hutchison PCS (USA) and its affiliated entities, which may be increased or decreased depending upon increases or reductions in Hutchison PCS (USA)'s percentage ownership of outstanding VoiceStream common shares, including VoiceStream common shares issuable to Hutchison PCS (USA) upon conversion of VoiceStream's 2.5% convertible junior preferred shares;
- (4) One member designated by The Goldman Sachs Group, Inc. and its affiliated entities, so long as the Goldman Sachs entities beneficially own at least 4,500,000 VoiceStream common shares;
- (5) Four members who were members of the Omnipoint board of directors prior to VoiceStream's acquisition of Omnipoint and who were selected by Omnipoint to serve during the period from the completion of the Omnipoint acquisition until the second annual meeting of stockholders of VoiceStream following the completion of VoiceStream's acquisition of Omnipoint. Omnipoint has designated the following persons to serve as directors: Douglas G. Smith, Richard L. Fields, James N. Perry, Jr. and James J. Ross;
- (6) One member designated by Sonera Corporation and its affiliated entities, subject to the approval of VoiceStream, which approval may not be unreasonably withheld, so long as Sonera Corporation entities beneficially own at least 4,500,000 VoiceStream common shares. If Sonera Corporation beneficially owns more than 9,800,000 VoiceStream common shares and Telephone & Data Systems beneficially owns less than 4,500,000 VoiceStream common shares, Sonera Corporation will be entitled to designate two directors;
- (7) One member designated by Telephone & Data Systems and its affiliated entities who is not affiliated with Telephone & Data Systems, subject to the approval of VoiceStream, which approval may not be unreasonably withheld, so long as the Telephone & Data Systems entities beneficially own at least 4,500,000 VoiceStream common shares. If Telephone & Data Systems beneficially owns more than 9,800,000 VoiceStream common shares and Sonera Corporation beneficially owns less than 4,500,000 VoiceStream common shares, Telephone & Data Systems will be entitled to designate two directors;

- (8) Two members designated by Deutsche Telekom and its affiliated entities, subject to the approval of VoiceStream, which approval may not be unreasonably withheld, so long as the Deutsche Telekom entities beneficially own at least 9,800,000 VoiceStream common shares. If Deutsche Telekom beneficially owns at least 4,500,000 VoiceStream common shares but less than 9,800,000 VoiceStream common shares, Deutsche Telekom will be entitled to designate only one director;
- (9) The then President of VoiceStream;
- (10) The then Vice Chairman of VoiceStream; and
- (11) The remaining members, if any, of the board to be selected by a majority of the persons designated as described in (1), (2), (4), (9) and (10) above.

In connection with the VoiceStream/Powertel merger, the largest of VoiceStream's principal stockholders, including Deutsche Telekom, entered in agreements, described in more detail under "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — VoiceStream's Agreements with Stockholders of Powertel," providing that the stockholders who are parties to those agreements will vote the VoiceStream common shares, or in the case of Deutsche Telekom, voting preferred shares, they own in favor of the election to the VoiceStream board of directors of one nominee chosen by Powertel and acceptable to VoiceStream. These agreements will not be effective until the Deutsche Telekom/VoiceStream merger is terminated and the VoiceStream/Powertel merger is completed.

Agreements with Joint Venture Partners of VoiceStream

In connection with the execution of the Deutsche Telekom/VoiceStream merger agreement, Deutsche Telekom and VoiceStream entered into agreements with some of VoiceStream's joint venture partners. We summarize the material terms of these agreements below, and this summary is qualified in its entirety by reference to the text of the agreements summarized, copies of which have been filed as exhibits to Deutsche Telekom's and VoiceStream's respective registration statements and are incorporated herein by reference.

Under agreements with two wholly-owned subsidiaries of Cook Inlet Region, Inc., with affiliates of Providence Equity Partners Inc. and with SSPCS Corporation, Deutsche Telekom agreed to assume on the date the Deutsche Telekom/VoiceStream merger is completed various VoiceStream obligations relating to Cook Inlet Region's, Providence's and SSPCS' rights to exchange certain partnership and limited liability company interests for VoiceStream common shares. The subsidiaries of Cook Inlet Region and SSPCS exchanged their interests for VoiceStream common shares in December 2000. In connection with the exchange, Cook Inlet Region entered into a separate voting agreement, to vote the VoiceStream common shares it acquired as a result of this exchange in favor of the Deutsche Telekom/VoiceStream merger.

In connection with the Deutsche Telekom/VoiceStream merger agreement, Providence also entered into an agreement with VoiceStream and Western Wireless amending an existing agreement under which Providence had a right to exchange certain partnership interests for Western Wireless common shares. In the new agreement, VoiceStream and Western Wireless agreed to purchase for \$20 million Providence's right to exchange for Western Wireless common shares and granted Providence the right to exchange its partnership interests for 321,334 VoiceStream common shares. Providence also entered into an exchange rights agreement with VoiceStream that amended a prior agreement pursuant to which Providence had the right to exchange its membership interest in a certain limited liability company into a variable number of VoiceStream common shares, based on the fair market value of Providence's membership interest at the time of the exchange. The new exchange rights agreement fixes the number of VoiceStream common shares Providence would receive for its limited liability company interest at 4,000,000 VoiceStream common shares.

SUMMARY OF DEUTSCHE TELEKOM/POWERTEL AND VOICESTREAM/POWERTEL TRANSACTION DOCUMENTS

The Deutsche Telekom/Powertel Merger Agreement

The following is a summary of the material provisions of the Deutsche Telekom/Powertel merger agreement. This summary is qualified in its entirety by reference to the Deutsche Telekom/Powertel merger agreement, a copy of which is attached as Annex B to this proxy statement/prospectus and incorporated herein by reference. Powertel stockholders are urged to read the Deutsche Telekom/Powertel merger agreement in its entirety, as it is the legal document governing the Deutsche Telekom/Powertel merger.

The Deutsche Telekom/Powertel Merger

A Delaware corporation formed by Deutsche Telekom will merge with and into Powertel, and, as a result, Powertel will become a wholly-owned subsidiary of Deutsche Telekom.

Effective Time and Timing of Closing

The Deutsche Telekom/Powertel merger will be completed and become effective when Powertel files a certificate of merger with the Secretary of State of the State of Delaware or at such later time as is specified in the certificate of merger in accordance with Delaware law. We expect the Deutsche Telekom/Powertel merger to become effective on the same day as the closing of the Deutsche Telekom/Powertel merger. The closing of the Deutsche Telekom/Powertel merger will take place on the later of:

- May 31, 2001; and
- the fifth business day after the conditions to the Deutsche Telekom/Powertel merger have been satisfied or waived, or on such other date as Deutsche Telekom and Powertel may agree.

In addition, on the closing date of the Deutsche Telekom/Powertel merger or as soon as possible after the closing date, Deutsche Telekom and Powertel will undertake a number of additional actions, including making filings with regulatory and stock exchange authorities, necessary to permit the issuance of the merger consideration under German laws and regulations and the rules of the Frankfurt Stock Exchange.

Consideration To Be Received in the Deutsche Telekom/Powertel Merger

In the Deutsche Telekom/Powertel merger, holders of Powertel common shares will receive 2.6353 Deutsche Telekom shares for each of their Powertel common shares. We refer to the number of Deutsche Telekom shares to be received for each Powertel common share as the "common share exchange ratio". Holders of Powertel's Series A preferred shares and Series B preferred shares will receive 121.9294 Deutsche Telekom shares for each of their Powertel Series A preferred shares and Series B preferred shares. Holders of Powertel's Series D preferred shares will receive 93.0106 Deutsche Telekom shares for each of their Powertel Series D preferred shares. Holders of Powertel's Series E preferred shares and Series F preferred shares will receive 179.5979 Deutsche Telekom shares for each of their Powertel Series E preferred shares and Series F preferred shares, plus a number of Deutsche Telekom shares equal to the product of:

- the number of Powertel common shares representing accrued or declared but unpaid dividends on each Powertel Series E or Series F preferred share, calculated as if the date of the completion of the Deutsche Telekom/Powertel merger were a dividend payment date multiplied by
- the common share exchange ratio.

All of the exchange ratios described above are subject to adjustments as described below. We refer to the number of Deutsche Telekom shares a Powertel stockholder, optionholder or warrant holder will receive in the Deutsche Telekom/Powertel merger in exchange for its Powertel common shares, preferred shares, warrants or options, as the case may be, as an "exchange ratio". The exchange ratios applicable to the

outstanding Powertel preferred shares, options and warrants are based on the number of Deutsche Telekom shares a holder of those Powertel preferred shares, options or warrants would have received in the Deutsche Telekom/Powertel merger had such holder converted its Powertel preferred shares into Powertel common shares or exercised its Powertel options or warrants for Powertel common shares on the date of the Deutsche Telekom/Powertel merger agreement. As discussed more fully below, the exchange ratio with respect to a particular class of Powertel shares, options or warrants is a fixed number of Deutsche Telekom shares, but is subject to adjustments.

You will receive Deutsche Telekom shares in the form of Deutsche Telekom ADSs, which trade principally on the NYSE under the symbol "DT", or, if you prefer, in the form of Deutsche Telekom ordinary shares, which are traded on the Frankfurt Stock Exchange under the symbol "DTE".

Adjustments to Exchange Ratios if Maximum Share Amount is Exceeded. Each exchange ratio was determined assuming that at the time the Deutsche Telekom/Powertel merger is completed, the aggregate number of Powertel common shares outstanding on a fully diluted basis and adjusted for specific commitments to issue Powertel common shares, excluding Powertel common shares issuable as dividends after August 26, 2000 on Series E preferred shares and Series F preferred shares, will not exceed the "maximum share amount." In this document we refer to this aggregate number of Powertel common shares as the "adjusted fully diluted shares amount." The maximum share amount is 55,742,000 or, if the stock dividend permitted under the Deutsche Telekom/Powertel merger agreement is paid, 56,160,000, and may be reduced as set forth in the Deutsche Telekom/Powertel merger agreement. Each exchange ratio is subject to adjustment in the event that the adjusted fully diluted shares amount as of the date the Deutsche Telekom/Powertel merger is completed exceeds the maximum share amount. In the event of an adjustment, the effect will be to cap the number of Deutsche Telekom shares that will be issued in the Deutsche Telekom/Powertel merger and to reduce the number of Deutsche Telekom shares to be received by Powertel stockholders, optionholders and warrantholders in the Deutsche Telekom/Powertel merger in exchange for each of their Powertel common shares or Powertel preferred shares, as the case may be. We illustrate below how the adjustment mechanism will be used.

- Step 1. Derive the adjusted fully diluted shares amount: The adjusted fully diluted shares amount is the sum of the number of outstanding Powertel common shares, less the number of shares issuable as dividends after August 26, 2000 on the Series E preferred shares and Series F preferred shares, plus
 - the number of Powertel common shares issuable upon conversion of the Powertel preferred shares;
 - the number of Powertel common shares issuable pursuant to the exercise of Powertel stock options and Powertel warrants;
 - the number of Powertel common shares issuable pursuant to Powertel restricted stock awards;
 - the number of Powertel common shares issuable pursuant to the exercise of the put rights held by Sonera Holding B.V. and Eliska Wireless Investors, unless such rights have been terminated;
 - the number of Powertel common shares issuable pursuant to the stock purchase agreement between Powertel and Sonera Holding B.V., unless this stock purchase agreement has been terminated;
 - the number of Powertel common shares issuable pursuant to the exercise of any stock appreciation rights, phantom stock rights or other contractual rights the value of which is determined in whole or in part by the value of any Powertel shares; and
 - the number of any other Powertel common shares outstanding and Powertel common shares issuable pursuant to any other securities outstanding, which are convertible into, or exercisable or exchangeable for, Powertel common shares.

- **Step 2. Derive the adjustment factor:** The adjustment factor is a fraction (a) the numerator of which is 55,742,000, as it may be adjusted in accordance with the Deutsche Telekom/Powertel merger agreement, and (b) the denominator of which is the adjusted fully diluted shares amount.
- **Step 3. Derive the adjusted exchange ratios:** Each exchange ratio will be reduced by multiplying such exchange ratio by the adjustment factor.
- **Step 4. Derive the adjusted stock consideration:** Each outstanding Powertel common share, each Powertel common share issuable upon the exercise of outstanding Powertel warrants and Powertel stock options and each Powertel preferred share will then be converted in the Deutsche Telekom/Powertel merger into the right to receive a number of Deutsche Telekom shares equal to the adjusted exchange ratio calculated pursuant to Step 3.

Example. If the adjusted fully diluted shares amount exceeds 55,742,000, as it may be adjusted in accordance with the Deutsche Telekom/Powertel merger agreement, we would calculate the number of Deutsche Telekom shares into which each Powertel share will be converted as illustrated above. Assuming that the adjusted fully diluted shares amount is 55,795,000, then the adjustment factor would be 0.9991. If you own 100 Powertel common shares under these circumstances, you would receive the amount of Deutsche Telekom shares equal to 2.6353 multiplied by 0.9991, multiplied by the number of shares you hold, or 100, for a total of 263 shares, plus cash for 0.29 of a Deutsche Telekom share.

Powertel stockholders will not receive fractional Deutsche Telekom shares and instead will receive a cash payment representing the net proceeds from the sale of the fractional Deutsche Telekom shares. The treatment of fractional Deutsche Telekom shares is described under “— Election and Exchange of Certificates Representing Powertel Shares.”

Adjustment in Connection with Permitted Dividends

Under the Deutsche Telekom/Powertel merger agreement, Powertel may declare and pay before the completion of the Deutsche Telekom/Powertel merger a stock dividend of not more than 0.0075 of a Powertel common share for each Powertel common share outstanding. The conversion or exercise terms of Powertel's or its subsidiaries' options, warrants, preferred securities or other rights or securities convertible into Powertel common shares will be adjusted according to the terms of the documents governing those securities.

If Powertel declares and pays a stock dividend of 0.0075 of a Powertel common share for each outstanding Powertel common share prior to the completion of the Deutsche Telekom/Powertel merger, the exchange ratios of the Powertel preferred shares will be adjusted as follows:

- Holders of Powertel's Series A preferred shares and Series B preferred shares will receive 122.8439 Deutsche Telekom shares for each of their Powertel Series A preferred shares and Series B preferred shares.
- Holders of Powertel's Series D preferred shares will receive 93.7082 Deutsche Telekom shares for each of their Powertel Series D preferred shares.
- Holders of Powertel's Series E preferred shares and Series F preferred shares will receive 180.9449 Deutsche Telekom shares for each of their Powertel Series E preferred shares and Series F preferred shares, plus a number of Deutsche Telekom shares equal to the product of:
 - the number of Powertel common shares representing accrued or declared but unpaid dividends on each Powertel Series E or Series F preferred share, calculated as if the date of the completion of the Deutsche Telekom/Powertel merger were a dividend payment date multiplied by
 - the common share exchange ratio.

Other Potential Adjustments. The amount and form of the merger consideration will be adjusted in the event that before the completion of the Deutsche Telekom/Powertel merger:

- a reclassification, split-up, stock-split, reverse stock-split, stock dividend, stock combination, recapitalization, redenomination of share capital, merger or similar transaction or an exchange offer causes a change to the Deutsche Telekom ordinary shares outstanding, or the number of Deutsche Telekom ordinary shares represented by a Deutsche Telekom ADS is changed; or
- all of the outstanding Deutsche Telekom ordinary shares, or more than 80% of the outstanding Deutsche Telekom ordinary shares pursuant to an exchange offer for all outstanding Deutsche Telekom shares, are changed into or exchanged for a different number or kind of shares of Deutsche Telekom, or into shares of another entity owning more than 80% of the Deutsche Telekom ordinary shares.

For example, if prior to completion of the Deutsche Telekom/Powertel merger, Deutsche Telekom, in order to facilitate future acquisitions, were to establish a new German holding company that acquired through an exchange offer more than 80% of the outstanding Deutsche Telekom shares, holders of Powertel common shares would receive shares of the new holding company instead of Deutsche Telekom shares in the Deutsche Telekom/Powertel merger.

Treatment of Powertel Warrants

If any of the warrants granted pursuant to the warrant agreement dated February 7, 1996 between Powertel and Bankers Trust Company, as warrant agent, have not been exercised before the Deutsche Telekom/Powertel merger becomes effective and a holder of warrants becomes entitled, upon exercise of the warrants, to the merger consideration at any time after the Deutsche Telekom/Powertel merger, any Deutsche Telekom ordinary shares to which such holder becomes entitled will be issued from a special trust established for the benefit of such warrant holders. Any cash to which such holder becomes entitled will be paid by Deutsche Telekom.

Treatment of Eliska Put Rights

If Sonera Holding B.V. or Eliska Wireless Investors, who we collectively refer to as the "Eliska Partners," receive Powertel common shares before the Deutsche Telekom/Powertel merger is completed as a result of exercising their rights to exchange interests in an affiliate of Eliska Wireless for Powertel common shares, such Eliska Partners will have all the rights with respect to those Powertel common shares which a Powertel stockholder has.

To the extent that any of the Eliska Partners has not received Powertel common shares before the Deutsche Telekom/Powertel merger is completed in respect of their exchange rights, those Eliska Partners will be entitled to receive the consideration that they are entitled to receive pursuant to their exchange rights.

To the extent that any of the Eliska Partners are entitled to receive Deutsche Telekom shares on or after the date the Deutsche Telekom/Powertel merger is completed, the Deutsche Telekom shares will be delivered from a special trust established for the benefit of such Eliska Partners, and any cash to which such Eliska Partners become entitled will be paid by Deutsche Telekom.

Election and Exchange of Certificates Representing Powertel Shares

Deutsche Telekom will appoint an escrow agent to serve in connection with the Deutsche Telekom/Powertel merger. Shortly after the Deutsche Telekom/Powertel merger is completed, Deutsche Telekom and Powertel intend to mail, or cause the escrow agent to mail, to each registered holder of Powertel common shares and Powertel preferred shares a letter of transmittal which the holder must properly complete and deliver to the escrow agent with the holder's stock certificates.

The escrow agent will exchange certificates representing Powertel shares for American depositary receipts representing Deutsche Telekom ADSs or, if a Powertel stockholder properly elects, certificates representing Deutsche Telekom ordinary shares. The letter of transmittal mailed to Powertel stockholders will contain an "ordinary share election" form which can be used by a stockholder to elect to receive merger consideration in Deutsche Telekom ordinary shares.

After a record holder of Powertel shares delivers certificates for those shares and a properly completed letter of transmittal to the escrow agent, the escrow agent will deliver to the holder:

- the number of whole Deutsche Telekom ADSs or Deutsche Telekom ordinary shares included in the merger consideration in respect of such Powertel shares; and
- after giving effect to any required tax withholdings, a check in the amount of:
 - cash in lieu of any fractional interest in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares on the terms described below, plus
 - any cash dividends or other distributions that the holder has the right to receive, including dividends or other distributions payable with respect to the holders of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares with a record date after the completion of the Deutsche Telekom/Powertel merger and a payment date on or before the date the holder properly delivers Powertel stock certificates to the escrow agent.

The escrow agent will not deliver fractional Deutsche Telekom ADSs or fractional Deutsche Telekom ordinary shares in connection with the Deutsche Telekom/Powertel merger. Instead, each holder of Powertel shares exchanged in the Deutsche Telekom/Powertel merger who would otherwise have received a fraction of a Deutsche Telekom ADS or Deutsche Telekom ordinary share will be entitled to receive a cash payment representing that holder's proportionate interest in the net proceeds from the sale by the escrow agent of the aggregate of the fractions of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares that would otherwise be issued. The escrow agent will execute the sale of those Deutsche Telekom ADSs and Deutsche Telekom ordinary shares on the NYSE and the Frankfurt Stock Exchange, respectively. Deutsche Telekom will pay all commissions, transfer taxes and out-of-pocket costs, including the expenses and compensation of the escrow agent, incurred in connection with the sale of the Deutsche Telekom ADSs and Deutsche Telekom ordinary shares.

Powertel shares that are surrendered to the escrow agent will be canceled. No interest will be paid or accrued on any amount payable to holders of Powertel shares. In addition, no holder of Powertel shares will receive any dividends or other distributions with respect to Deutsche Telekom ADSs or Deutsche Telekom ordinary shares to which the holder is entitled under the Deutsche Telekom/Powertel merger agreement until that holder's Powertel stock certificate is surrendered to the escrow agent with a properly completed letter of transmittal.

If any Deutsche Telekom ADSs or Deutsche Telekom ordinary shares are to be delivered to a person other than the registered holder of the Powertel shares represented by the certificates surrendered to the escrow agent:

- those Powertel stock certificates must be properly endorsed or otherwise be in proper form for transfer; and
- the person requesting the delivery must pay to the escrow agent any transfer or other taxes required as a result of delivery to a person other than the registered holder, or establish to the satisfaction of the escrow agent that such tax has been paid or is not payable.

Treatment of Powertel Options and Restricted Stock

Powertel Options. If the Deutsche Telekom/Powertel merger is completed, each outstanding Powertel stock option will be converted into an option to acquire, from a trust established for the benefit of holders of Powertel stock options, that number of Deutsche Telekom shares determined by multiplying the

maximum number of Powertel common shares subject to the Powertel stock option by the Powertel common share exchange ratio, rounded if necessary to the nearest whole Deutsche Telekom ordinary share. The Powertel common share exchange ratio is subject to adjustment as described under “— Consideration To Be Received in the Deutsche Telekom/Powertel Merger.” The exercise price per Deutsche Telekom ordinary share for each of these options will be the exercise price per Powertel common share applicable to that option immediately prior to the completion of the Deutsche Telekom/Powertel merger divided by the common share exchange ratio. The replacement options will generally have the same terms and conditions as were applicable under the Powertel option plans.

Powertel Restricted Stock. At the time the Deutsche Telekom/Powertel merger is completed, the Powertel restricted stock plan will terminate and any unvested Powertel restricted stock awards will become fully vested, except as otherwise provided in the individual restricted stock award agreements.

Dissenting Shares

If appraisal rights for any Powertel preferred shares are perfected by any holder of preferred shares, then those shares will be treated as described under “The Deutsche Telekom/Powertel Merger and the VoiceStream/Powertel Merger — Appraisal Rights.”

Representations and Warranties

The Deutsche Telekom/Powertel merger agreement contains a number of representations and warranties made by Powertel and Deutsche Telekom to each other, including those regarding:

- due organization, good standing and qualification;
- capital structure;
- corporate authority to enter into the Deutsche Telekom/Powertel merger agreement and lack of conflicts with corporate governance documents, contracts or laws;
- governmental filings;
- accuracy of SEC reports, financial statements and information provided for inclusion in this document and certain other filings by the parties;
- absence of certain material changes or events since December 31, 1999;
- permits and licenses;
- compliance with laws;
- tax matters, including the absence of facts inconsistent with the qualification of the Deutsche Telekom/Powertel merger as a reorganization under Section 368(a) of the U.S. tax code;
- absence of undisclosed liabilities and pending litigation;
- finders’ or brokers’ fees; and
- the vote necessary to approve the Deutsche Telekom/Powertel merger agreement.

In addition, Powertel made representations and warranties to Deutsche Telekom as to:

- employee benefit plans;
- employees and employment practices;
- Section 203 of the Delaware General Corporation Law and other anti-takeover laws enacted under Georgia or Delaware law applicable to Powertel;
- intellectual property;
- the receipt of a fairness opinion from a financial advisor;

- material contracts; and
- absence of affiliate transactions.

In addition, the Deutsche Telekom/Powertel merger agreement contains representations and warranties made by the merger subsidiary to Powertel regarding some of the above matters.

Conduct of Business Pending the Deutsche Telekom/Powertel Merger

Covenants of Powertel. Except as contemplated by the Deutsche Telekom/Powertel merger agreement or the VoiceStream/Powertel merger agreement, Powertel has agreed that, until the earlier of the completion of the Deutsche Telekom/Powertel merger or the termination of the Deutsche Telekom/Powertel merger agreement, it will carry on its and its subsidiaries' business in the ordinary course in all material respects. Until the Deutsche Telekom/Powertel merger is completed or the Deutsche Telekom/Powertel merger agreement is terminated, Powertel and its subsidiaries will not take the actions listed in the Deutsche Telekom/Powertel merger agreement, which includes the following actions, without Deutsche Telekom's prior written consent, except under limited exceptions specified in the Deutsche Telekom/Powertel merger agreement:

- declare, set aside or pay dividends on, or make distributions in respect of, Powertel shares or split, combine or reclassify any outstanding Powertel shares;
- redeem or repurchase any Powertel shares, except as required by Powertel's certificate of incorporation or the Powertel stock option plans;
- issue, deliver, pledge, sell or encumber any Powertel shares or any options or other rights to acquire those shares;
- *Important Exception:*
 - Powertel may issue Powertel common shares upon the closing of the acquisition of substantially all of the assets of DiGiPH PCS, Inc. and its affiliates by Eliska Wireless Ventures, which in this document we refer to as the "DiGiPH transaction," and the performance of the agreements entered into in connection with the DiGiPH transaction, including the stock purchase agreement between Powertel and Sonera Holding B.V., the put agreement dated May 30, 2000 between Powertel, Eliska Wireless Investors and Sonera Holding B.V. and the put agreement dated May 30, 2000 between Powertel and Sonera Holding B.V.; or otherwise pursuant to previously disclosed contractual obligations existing prior to the execution of the Deutsche Telekom/Powertel merger agreement; and
 - Powertel may issue rights to acquire Powertel shares and may issue shares pursuant to such rights for an aggregate of 575,000 Powertel common shares pursuant to annual incentive grants, grants to newly hired employees and grants to be made pursuant to the DiGiPH transaction;
- adopt, amend or propose to amend any stockholder rights plan or related rights plan;
- acquire any business, corporation or partnership, or substantially all of the assets of any of the foregoing;
- *Important Exceptions:*
 - Powertel is permitted to enter into acquisition transactions which involve individually, or in the aggregate, a purchase price of \$500,000 or less without Deutsche Telekom's consent;
 - Powertel is permitted to make capital expenditures in accordance with its capital budget for the fiscal years 2000 and 2001; and
 - Powertel may enter into transactions in connection with the DiGiPH transaction;

- authorize or make capital expenditures other than those for less than the aggregate annual amount contained in Powertel's capital budget for the years 2000 and 2001;
- sell, lease, encumber or otherwise dispose of any of its assets;
- enter into employment or severance agreements with, or establish any new benefit plan, other than in the ordinary course of business consistent with its past practice or amend any existing Powertel benefit plan or take any action inconsistent with the cash bonus, retention bonus, incentive bonus, severance, equity awards and other plans set out in the Deutsche Telekom/Powertel merger agreement, which are described in more detail below;
- increase the compensation or reimbursement allowances payable to an officer or director;
- make any awards under an existing Powertel benefit plan for the benefit of any director, officer or employee, except in the ordinary course of business consistent with past practices;
- except as required by a change in law or U.S. GAAP, make any change in its method of accounting or its fiscal year;
- enter into, modify or amend in any material respect or terminate any material contract or agreement to which Powertel is a party, or waive, release or assign any material rights or claims;
- amend any term of any of its outstanding securities in any material respect;
- adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization;
- incur or guarantee material indebtedness, including refinancing existing indebtedness;
- create, incur, assume or allow to exist material liens upon any property or assets, except for liens arising in the ordinary course of business or to secure indebtedness or arising by operation of law;
- guaranty any indebtedness, leases, dividends or other third party obligations;
- make any loan or capital contributions to or investment in any person, other than loans, capital contributions or investments made in the ordinary course of business, as required in connection with the DiGiPH transaction, or made to wholly-owned subsidiaries;
- enter into any agreement that materially restricts Powertel, or after completion of the Deutsche Telekom/Powertel merger could materially restrict Deutsche Telekom or the surviving corporation from engaging in the business of providing wireless telecommunications services or developing wireless telecommunications technology anywhere in the world, or otherwise from engaging in any other business;
- settle, or propose to settle, any material litigation, investigation, arbitration, proceeding or other claim;
- make any material tax election or enter into any settlement or compromise of any material tax liability;
- take action that could reasonably be expected to make any representation or warranty of Powertel under the Deutsche Telekom/Powertel merger agreement inaccurate and have a material adverse effect on Powertel at the completion of the Deutsche Telekom/Powertel merger;
- adopt, amend or propose to amend any Powertel benefit plans or make any discretionary contributions to any Powertel benefit plan which is also an "employee pension benefit plan" or "employee welfare benefit plan" as defined in the Employee Retirement Income Security Act of 1974, as amended, other than as required by law or as may be required to maintain compliance with the U.S. tax code and except for other limited exceptions;
- file any amended tax returns if the result would be a material increase in Powertel's tax liability;